

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6512**

**BILL NUMBER:** HB 1303

**NOTE PREPARED:** Feb 19, 2009

**BILL AMENDED:** Feb 19, 2009

**SUBJECT:** Waiver of Certain Real Property Tax Penalties.

**FIRST AUTHOR:** Rep. Smith V

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Tax Sales*- The bill provides that: (1) real property (other than real property classified as industrial property under the rules of the department of local government finance) may not be sold at a tax sale after June 30, 2009, and before July 1, 2010; and (2) penalties and costs relating to the tax sale are not due on the real property; if all delinquent taxes and special assessments on the real property are paid before the tax sale.

*Waiving of Penalties*- The bill waives penalties that were incurred before January 1, 2009 for delinquent property taxes on real property (other than industrial property) if all delinquent taxes and special assessments on the real property are paid before July 1, 2010.

**Effective Date:** (Amended) January 1, 2009 (Retroactive); Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Tax Sales*- If fewer tax sales were conducted as a result of this bill, there would be cost savings to county sheriffs. County auditors would be required to include in property delinquency notices information regarding the removal of property from a tax sale under the remedy described above. County auditors would be able to include this information within existing resources.

**Explanation of Local Revenues:** *Tax Sales*- A person paying delinquent tax liens before time of sale would have cancelled all penalties, postage/publication costs, and directly attributable tax sale costs. County

revenues would be reduced by the above amounts for each tax sale that would not occur during that 12-month period of time.

(Revised) *Waiving of Penalties*- Waiving penalties would have an indeterminable impact to local revenues. The penalty is \$25 if tax payments are delinquent up to 29 days. After 30 days, the county auditor must add on an additional penalty equal to 20% of the amount of taxes that should have been paid on the property tax return. At 45 days, an additional penalty of 10% of the tax bill is charged. This provision would only cover penalties on taxes first due and payable and penalties added before January 1, 2009. In order to qualify for the waiver, the delinquent taxes would have to be paid before July 1, 2010.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors, county treasurers, sheriffs.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.